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Services Division
European Satellite Committee

Meeting of 21 May 1958

Present: 43 members and guests.

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Mr. [REDACTED] Chief, D/S, talked to the Committee on Multilateral Trade Controls. He first described the conditions which set the stage for the operations of the Coordinating Committee (COCOM). The attitude of belligerency on the part of the Soviet Union following World War II and the possibility of extension of Soviet control in Western Europe were the immediate precursor of the controls program. By 1948-49 the United States was able to secure a concert of action to restrict the flow of military-related goods between the principal trading nations of the West and the Soviet Union and its satellites.

Following Stalin's death, the Soviets took a less belligerent attitude, and there was a diminution of tension in the world. COCOM began to receive pressure to reduce the level of the control system. As a result of negotiations, there was a reduction in the list of items embargoed for Eastern Europe, but there was no reduction in controls against Communist China.

In the Fall of 1956 there were several developments vis a vis Communist China had developed severe pressure to review the controls system again. The partial success of Gomulka's government in freeing itself from the heavy hand of the Soviet Communist party and Gomulka's willingness to approach the West led to interest in treating Poland as a special case.

The Committee convened last year to consider revising the list of embargoed items to China. The United States attempted to combine the revision of the China list with the list for Eastern Europe, but this attempt ended in complete failure. The United Kingdom decided to abolish all controls on China, and in two months' time, the major signatories with the exception of the United States had abandoned the China control program.

This was followed by the development of an "exceptions" policy to ship embargoed commodities to Poland, as long as it could be proved that the end-use was related to the Polish economy and not to the military. This policy was approved, and considerable shipments of embargoed goods have been made to Poland in the last two years.

Negotiations are in progress now to revise the program, as a large list of embargoed items remains. When COCOM was formed, the threat of Soviet aggression and expansion was considerable, but in recent years this threat has been reduced. The Soviets have continued to hold out a promise of more trade with Western Europe if the controls list were reduced, however, there is little probability of a pronounced increase were the list reduced.

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The controls program has been unsuccessful in generally inhibiting the military and economic build-up of the Soviets and of limited success in specific controls. Since it was not a complete embargo and all countries of Western Europe were not included in COCOM, there were ways of getting around the embargo, and there has still been a flow of strategic goods between the West and East.

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On June 4, Mr. [REDACTED] DAD/CR, will talk to the Committee on CIA Collection Facilities and Programs for the European Satellites.

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